

**FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT**

**THE OFFICE OF THE CLERK OF THE CRIMINAL
DISTRICT COURT - ORLEANS PARISH
NEW ORLEANS, LOUISIANA**

DECEMBER 31, 2011

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date _____

APR 25 2012

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PAILET, MEUNIER and LeBLANC, L.L.P.

Certified Public Accountants

Management Consultants

INDEPENDENT AUDITORS' REPORT

The Office of the Clerk of the Criminal District Court -
Orleans Parish
2700 Tulane Avenue
New Orleans, Louisiana

We have audited the accompanying financial statements of the governmental activities, the major fund and the remaining fund information of the The Office of the Clerk of the Criminal District Court - Orleans Parish (Clerk of Court), a component unit of the City of New Orleans, as of and for the year ended December 31, 2011, which collectively comprise the Clerk of Court's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the management of the Clerk of Court. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the major fund and the remaining fund information of The Office of the Clerk of the Criminal District Court - Orleans Parish (Clerk of Court), a component unit of the City of New Orleans, as of and for the year ended December 31, 2011, which collectively comprise the Clerk of Court's basic financial statements as listed in the table of contents in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards* issued by the Comptroller General of the United States, we have also issued our report, dated March 02, 2012, on our consideration of the Clerk of Court's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulation, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on

3421 N. Causeway Blvd., Suite 701 • Metairie, LA 70002 • Telephone (504) 837-0770 • Fax (504) 837-7102
201 St. Charles Ave., Suite 2500 • New Orleans, LA 70170 • Telephone (504) 599-5905 • Fax (504) 837-7102

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compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Paillet, Meunier and LeBlanc, LLP

New Orleans, LA
March 02, 2012

**THE OFFICE OF THE CLERK OF THE
CRIMINAL DISTRICT COURT – ORLEANS PARISH
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2011**

The Office of the Clerk of the Criminal District Court - Orleans Parish (Clerk of Court) management's discussion and analysis is intended to assist the reader in focusing on significant financial issues, provide an overview of the Clerk of Court's financial activity, and identify changes in the Clerk of Court's financial position and its ability to address the next and subsequent year challenges. It also identifies any material deviations from the financial plan and identifies individual fund issues or concerns. This is a requirement of the Governmental Accounting Standards Board Statement No. 34 (GASB 34) *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments* and is intended to provide the financial results for the fiscal year ending December 31, 2011.

As required in GASB 34, the financial report is presented in the following order:

- Management's Discussion and Analysis
- Basic Financial Statements
 - Government-Wide Financial Statements
 - Fund Financial Statements
 - Notes to the Financial Statements
- Other Required Supplementary Information
- Required Supplementary Information

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements provide a perspective of the Clerk of Court as a whole. These statements use the full accrual basis of accounting similar to private sector companies. There are two government-wide statements: the Statement of Net Assets and the Statement of Activities.

The Statement of Net Assets, combines and consolidates governmental funds' current financial resources (short-term spendable resources) with capital assets and long-term obligations, regardless if they are currently available or not.

Consistent with the full accrual basis method of accounting, the Statement of Activities accounts for current year revenues and expenses regardless of when cash is received or paid. The intent of this statement is to summarize and simplify the user's analysis of the costs of various services.

FUND FINANCIAL STATEMENTS

The fund statements are reported using the modified accrual method of accounting. Under this basis of accounting, revenues are recorded when received except where they are measurable and available and therefore represent resources that may be appropriated. Expenditures are accounted for in the period that goods and services are used. In addition, capital asset purchases are expensed and not recorded as assets. Debt payments are recorded as expenditures in the current year and future debt obligations are not recorded.

THE OFFICE OF THE CLERK OF THE
CRIMINAL DISTRICT COURT – ORLEANS PARISH
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2011

The General Fund, commonly referred to as the Expense Fund, is the only fund of the Clerk of Court. Louisiana Revised Statute, Section 1381.3 establishes the Clerk of Court's Expense Fund for the purpose of accounting for all funds collected as clerk's fees, interest on investments and any other funds generated by the Clerk of Court. Expenditures may be made from the Expense Fund to defray the operating costs of the Clerk of Court's office.

FINANCIAL ANALYSIS OF THE CLERK OF COURT

ASSETS	
Current assets	\$ 499,307
Capital assets, net	<u>72,158</u>
Total assets	<u>\$ 571,465</u>
LIABILITIES	
Current liabilities	<u>\$ 8,866</u>
Total liabilities	<u>8,866</u>
NET ASSETS	
Invested in capital assets	72,158
Unrestricted	<u>490,441</u>
Total net assets	<u>\$ 562,599</u>
Total liabilities and net assets	<u>\$ 571,465</u>

As indicated by the statement above, total net assets are \$562,599. Net assets can be separated into two categories: invested in capital assets and unrestricted net assets.

Net assets invested in capital assets are a combination of capital assets at original cost less accumulated depreciation. The original cost of capital assets is \$568,016, which is an accumulation of capital assets year after year less any capital disposals. The accumulated depreciation is the accumulation of depreciation expense since acquisition. In accordance with accounting principles generally accepted in the United States of America, depreciation expense is recorded on the original cost of the asset, less an estimated salvage value, expensed over the estimated useful life of the asset. Total accumulated depreciation is \$495,858.

The remaining unrestricted net assets are \$490,441. The unrestricted net assets are an accumulation of prior years' operating results. This balance is directly affected each year by the Clerk of Court's operating results.

THE OFFICE OF THE CLERK OF THE
CRIMINAL DISTRICT COURT – ORLEANS PARISH
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2011

RESULTS OF OPERATIONS

Program revenues	\$ 4,904,219
Program expenses	<u>4,611,385</u>
Increase (decrease) in net assets	<u>\$ 292,834</u>

CAPITAL ASSETS

Furniture and equipment	\$ 568,016
Less: accumulated depreciation	<u>(495,858)</u>
Net capital assets	<u>\$ 72,158</u>

At December 31, 2011, the Clerk of Court had \$568,016 invested in furniture and equipment.

Depreciation expense for the year is \$62,836 .

ORIGINAL VS. REVISED BUDGET

As required by state law, the Clerk of Court adopts the original budget for the office prior to the commencement of the fiscal year to which the budget applies.

The Clerk of Court did not amend its original budget during the 2011 fiscal year.

REVENUE BUDGET

The Clerk of Court's actual general fund revenues of \$4,904,219 were greater than the \$2,860,196 budget by \$2,044,023, a variance of approximately 71.5%.

EXPENDITURE BUDGET

The Clerk of Court's actual general fund expenditures of \$4,554,124 were greater than the \$2,860,196 budget by \$1,693,928, a variance of approximately 59.2%.

**CONTACTING THE OFFICE OF THE CLERK OF THE CRIMINAL DISTRICT COURT - ORLEANS
PARISH'S FINANCIAL MANAGEMENT**

This financial report is designed to provide citizens, taxpayers, customers, investors and creditors with a general overview of the Clerk of Court's finances and demonstrate the Clerk of Court's accountability for money it receives. If you have questions about this report or need additional information, contact Mr. Larry C. Cager, Chief Deputy Clerk, at Room 114, 2700 Tulane, New Orleans, Louisiana 70119.

THE OFFICE OF THE CLERK OF THE
CRIMINAL DISTRICT COURT - ORLEANS PARISH
STATEMENT OF NET ASSETS
DECEMBER 31, 2011

ASSETS

Cash and cash equivalents
Capital assets, net

\$ 499,307

72,158

Total Assets

\$ 571,465**LIABILITIES**

Accounts Payable

\$ 8,866

Total Liabilities

8,866**NET ASSETS**

Invested in capital assets

72,158

Unrestricted

490,441

Total Net Assets

562,599

Total Liabilities and Net Assets

\$ 571,465

The notes to the financial statements are an integral part of this statement.

THE OFFICE OF THE CLERK OF THE
CRIMINAL DISTRICT COURT - ORLEANS PARISH
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2011

EXPENSES

Salaries and fringe benefits	\$ 3,998,632
Professional services	17,938
Repairs and maintenance	1,609
Election Expenses	173,134
Disaster clean-up costs	5,504
District Attorney Bond Forfeiture	32,105
Office supplies	69,898
Office expense	102,511
Printing	33,950
Postage	11,669
Telephone	9,098
Rent - equipment	1,505
Convention, meeting and travel	3,809
Property & Evidence Funds	72,686
Miscellaneous	12,960
Interest and Bank Charges	1,541
Depreciation	<u>62,836</u>

Total Program Expenses 4,611,385

PROGRAM REVENUES

Service fees	213,824
On-behalf payments	3,715,849
State reimbursement-election expenses	187,197
Bond Fees	99,797
DNA Project	86,093
Closed Cases	546,626
Grants reimbursements	18,988
Reimbursed Expenses	30,879
Miscellaneous	3,287
Interest	<u>1,679</u>

Total Program Revenues 4,904,219

Change in Net Assets 292,834

Net assets - January 1, 2011 269,765

Net assets - December 31, 2011 \$ 562,599

The notes to the financial statements are an integral part of this statement.

THE OFFICE OF THE CLERK OF THE
CRIMINAL DISTRICT COURT - ORLEANS PARISH
GOVERNMENTAL FUND
Balance Sheet
December 31, 2011

ASSETS

Cash and cash equivalents

\$ 499,307

Total Assets

\$ 499,307**LIABILITIES AND FUND BALANCE****Liabilities**

Accounts payable

\$ 8,866

Total Liabilities

8,866

Fund balance

Undesignated

490,441

Total Fund Balance

490,441

Total Liabilities and Fund Balance

\$ 499,307

The notes to the financial statements are an integral part of this statement.

THE OFFICE OF THE CLERK OF THE
CRIMINAL DISTRICT COURT – ORLEANS PARISH
Reconciliation of the Governmental Fund Balance
To the Statement of Net Assets
December 31, 2011

Total Fund Balance at December 31, 2011 - governmental fund	\$ 490,441
Amounts reported for governmental activities in the statement of net assets are different because of:	
Cost of capital assets at December 31, 2011	568,016
Less: Accumulated depreciation as of December 31, 2011	
Furniture and Equipment	<u>(495,858)</u>
Net Assets at December 31, 2011 - governmental activities	<u>\$ 562,599</u>

The notes to the financial statements are an integral part of this statement.

THE OFFICE OF THE CLERK OF THE
CRIMINAL DISTRICT COURT – ORLEANS PARISH
GENERAL FUND
Statement of Revenues, Expenditures and Change in Fund Balance
For the Year Ended December 31, 2011

REVENUES

Service fees	\$ 213,824
On-behalf payments	3,715,849
State reimbursement-election expenses	187,197
Bond Fees	99,797
DNA Project	86,093
Closed Cases	546,626
Grants Reimbursement	18,988
Reimbursed Expenses	30,879
Miscellaneous	3,287
Interest	1,679
Total Revenues	<u>4,904,219</u>

EXPENDITURES

Salaries and fringe benefits	3,998,632
Professional services	17,938
Repairs and maintenance	1,609
Election Expenses	173,134
Disaster clean-up costs	5,504
District Attorney Bond Forfeiture	32,105
Office supplies	69,898
Office expense	102,511
Printing	33,950
Postage	11,669
Telephone	9,098
Rent - equipment	1,505
Convention, meeting and travel	3,809
Property & Evidence Funds	72,686
Miscellaneous	12,959
Interest and Bank Charges	1,541
Capital outlay	5,575
Total Expenditures	<u>4,554,124</u>

Net Change in Fund Balance	350,095
Fund Balance - January 1, 2011	<u>140,346</u>
Fund Balance - December 31, 2011	<u>\$ 490,441</u>

The notes to the financial statements are an integral part of this statement.

THE OFFICE OF THE CLERK OF THE
CRIMINAL DISTRICT COURT - ORLEANS PARISH
Reconciliation of the Governmental Fund
Statement of Revenues, Expenditures and Change in Fund Balance
to the Statement of Activities
For the Year Ended December 31, 2011

Net Change in Fund Balance - General Fund (Statement E) \$ 350,095

Amounts Reported for governmental activities in the Statement of
Activities are different because:

Capital outlays are reported in governmental funds as expenditures,
however, in the Statement of Activities, the cost of those
assets are allocated over their estimated useful lives as depreciation
expense. This is the amount by which depreciation exceeds
capital outlays in the current period:

Depreciation expense	(62,836)
Capital outlays	<u>5,575</u>

Change in net assets of governmental activities (Statement B) \$ 292,834

The notes to the financial statements are an integral part of this statement.

THE OFFICE OF THE CLERK OF THE
CRIMINAL DISTRICT COURT - ORLEANS PARISH
Statement of Fiduciary Net Assets
December 31, 2011

ASSETS

Cash and cash equivalents

\$ 384,280**TOTAL ASSETS**\$ 384,280**LIABILITIES**

Bonds Payable

\$ 384,280**TOTAL LIABILITIES**\$ 384,280

The notes to the financial statements are an integral part of this statement.

THE OFFICE OF THE CLERK OF THE
CRIMINAL DISTRICT COURT – ORLEANS PARISH
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2011

INTRODUCTION

As provided by Article V, Section 28 of the Louisiana Constitution of 1974, The Office of the Clerk of the Criminal District Court - Orleans Parish (Clerk of Court) serves as ex-officio custodian of voting machines and performs other election duties. The clerk is also a member of the parish jury commission, which impanels persons for jury duty. The clerk is elected for a four-year term.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF PRESENTATION

The accompanying basic financial statements of the Clerk of Court have been prepared in conformity with governmental accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The accompanying basic financial statements have been prepared in conformity with GASB Statement 34, *Basic Financial Statements-and Management's Discussion and Analysis – for State and Local Governments*, issued in June 1999.

B. REPORTING ENTITY

The Clerk of Court is an independently elected official; however, the Clerk of Court is fiscally dependent on the City of New Orleans (the City). The City maintains and operates the parish courthouse in which the Clerk of Court's office is located and provides funds for equipment and furniture of the Clerk of Court's office. Because the Clerk of Court is fiscally dependent on the City, the Clerk of Court was determined to be a component unit of the City, the financial reporting entity.

The accompanying financial statements present information only on the Clerk of Court's Expense Fund, as established by Louisiana Revised Statute, Section 1381.3 and on-behalf payments as described in the accompanying notes do not present information on the City, the general government services provided by that governmental unit, or the other governmental units that comprise the financial reporting entity.

C. FUND ACCOUNTING

The Clerk of Court uses funds to maintain its financial records during the year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain Clerk functions and activities. A fund is defined as a separate fiscal and accounting entity with a self-balancing set of accounts.

THE OFFICE OF THE CLERK OF THE
CRIMINAL DISTRICT COURT – ORLEANS PARISH
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. FUND ACCOUNTING (continued)

Governmental Fund

The governmental fund accounts for all of the Clerk of Court's general activities. This fund focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may be used. Current liabilities are assigned to the fund from which they will be paid. The difference between a governmental fund's assets and liabilities is reported as fund balance. In general, the fund balance represents the accumulated expendable resources which may be used to finance future period programs or operation of the Clerk of Court. The following is the Clerk of Court's governmental fund:

General Fund – The primary operating fund of the Clerk of Court. It accounts for all financial resources, except those required to be accounted for in other funds. The General Fund is available for any purpose provided it is expended or transferred in accordance with state and federal laws and according to the Clerk of Court policy.

Fiduciary Fund - The fiduciary fund reporting focused on net assets and changes in net assets. The only fund accounted for in this category by the Clerk of Court is the agency fund. The agency fund accounts for assets held by the Clerk of Court as an agent for litigants held pending court action. The agency fund is custodial in nature (assets equal liabilities) and does not involve measurement of results of operations. Consequently, the agency fund has no measurement focus, but uses the modified accrual basis of accounting.

D. MEASUREMENT FOCUS/BASIS OF ACCOUNTING

Fund Financial Statements (FFS)

The amounts reflected in the General Fund are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach is then reconciled, through adjustment, to a government-wide view of the Clerk of Court operations.

The amounts reflected in the General Fund use the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The Clerk of Court considers all revenue available if they are collected within 60 days after the fiscal year end. Expenditures are recorded when the related fund liability is incurred, except for interest and principal payments on general long-term debt which is recognized when due, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources. The governmental funds use the following practices in recording revenues and expenditures:

THE OFFICE OF THE CLERK OF THE
CRIMINAL DISTRICT COURT – ORLEANS PARISH
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. MEASUREMENT FOCUS/BASIS OF ACCOUNTING (continued)

Revenues

Revenues from charges for services are recorded when earned. Expenditure-driven grants are recorded when the reimbursable expenditure has been incurred. Interest earnings are recorded when the investments have matured and the interest is available.

Expenditures

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred.

Other Financing Sources (Uses)

Transfers between funds that are not expected to be repaid (or any other types, such as capital lease transactions, sale of fixed assets, debt extinguishments, long-term debt proceeds, et cetera) are accounted for as other financing sources (uses). These other financing sources (uses) are recognized at the time the underlying events occur.

Deferred Revenues

Deferred revenues arise when resources are received by the Clerk of Court before it has a legal claim to them, as when grant monies are received before the incurrence of qualifying expenditures. In subsequent periods, when the Clerk of Court has a legal claim to the resources, the liability for deferred revenue is removed from the combined balance sheet and the revenue is recognized.

Government-Wide Financial Statements (GWFS)

The Statement of Net Assets and the Statement of Activities display information about the Clerk of Court as a whole. These statements included all the financial activities of the clerk. Information contained in these columns reflects the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange or exchange-like transactions are recognized when the exchange occurs (regardless of when cash is received or disbursed). Revenues, expenses, gains, losses, assets, and liabilities resulting from non-exchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, *Accounting and Financial Reporting for Non-Exchange Transactions*.

Program Revenues – Program revenues included in the Statement of Activities are derived directly from the Clerk of Court users as a fee for services; program revenues reduce the cost of the function to be financed from the Clerk of Court's general revenues.

THE OFFICE OF THE CLERK OF THE
CRIMINAL DISTRICT COURT – ORLEANS PARISH
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. CASH AND CASH EQUIVALENTS

Cash includes amounts in demand deposits and time deposits. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Under state law, the clerk may deposit funds in demand deposits, interest-bearing demand deposits, or time deposits with state banks organized under Louisiana law or any other state of the United States, or under the laws of the United States.

F. INVESTMENTS

Investments are limited by Louisiana Revised Statute (R.S.) 33:2955 and the Clerk of Court's investment policy. If the original maturities of investments exceed 90 days, they are classified as investments; however, if the original maturities are 90 days or less, they are classified as cash equivalents.

G. BUDGETS

The proposed budget, which is prepared on the modified accrual basis of accounting, must be approved by the City Council of the City of New Orleans. The budget is legally adopted and amended, as necessary, by the Clerk of Court. All appropriations lapse at year-end. For the general fund, the Clerk of Court has established a budget for service fees, court allocation-fines and costs revenues, state reimbursements, interest, evidence revenues and grant revenues. Budget amounts included in the accompanying budgetary comparison schedule included the original adopted budget. The Clerk of Court did not amend its original budget during the 2011 fiscal year.

H. CAPITAL ASSETS

Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The Clerk of Court maintains a threshold level of \$1,000 or more for capitalizing capital assets. Capital assets are recorded in the GWFS, but are not reported in the FFS. Since surplus assets are sold for an immaterial amount when declared as no longer needed for public purposes, no salvage value is taken into consideration for depreciation purposes. All capital assets, other than land, are depreciated using the straight-line method over the following useful life:

<u>Description</u>	<u>Estimated Life</u>
Furniture and equipment	5 years
Vehicles	5 years

THE OFFICE OF THE CLERK OF THE
CRIMINAL DISTRICT COURT – ORLEANS PARISH
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

I. RESTRICTED NET ASSETS

For government-wide statement of net assets, net assets are reported as restricted when constraints placed on net asset use are either:

1. externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments; or
2. imposed by law through constitutional provisions or enabling legislation.

J. FUND EQUITY

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Any designations of fund balance represent tentative management plans that are subject to change. At December 31, 2011, there were no fund balance reservations or designations in the fund financial statements.

K. ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

2. CASH AND EQUIVALENTS

At December 31, 2011, the Clerk of Court has cash and cash equivalents (book balances) totaling \$883,587 as follows:

Demand deposits	\$ 353,404
Interest-bearing demand deposits	321,992
Certificates of deposit	208,191
Total	<u>\$ 883,587</u>

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

THE OFFICE OF THE CLERK OF THE
CRIMINAL DISTRICT COURT – ORLEANS PARISH
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2011

2. CASH AND EQUIVALENTS (continued)

At December 31, 2011, the Clerk of Court has \$958,508 in deposits (collected bank balances). These deposits are secured from risk by \$1,428,486 of federal deposit insurance. However, at one of the financial institutions, the Clerk of Court maintained cash balances in excess of the FDIC Insurance by \$65,425. This amount was secured by \$300,000 of pledged securities held by the custodial bank in the name of the Clerk of Court (GASB Category 2).

R.S. 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 day of being notified by the Clerk of Court that the fiscal agent has failed to pay deposited funds upon demand.

3. CAPITAL ASSETS

Capital assets and depreciation activity as of and for the year ended December 31, 2011, are as follows:

	Balance January 1, 2011	Additions	Retirements	Balance December 31, 2011
Government Activities				
Furniture and equipment	\$ 669,305	\$ 5,575	\$ 106,864	\$ 568,016
Less accumulated depreciation:				
Furniture and equipment	<u>539,886</u>	<u>62,836</u>	<u>106,864</u>	<u>\$ 495,858</u>
Capital assets, net	<u>\$ 129,419</u>			<u>\$ 72,158</u>

4. LEASES

The Clerk of Court leases office equipment on a month to month basis.

5. ON-BEHALF PAYMENTS

Fringe benefits and salaries of the employees of the Clerk of Court are paid by City of New Orleans. As such, GASB Statement 24 requires that on-behalf payments for fringe benefits and salaries be recognized as revenue and expenditures. The amount of on-behalf payments reported in the financial statements of the Clerk of Court at December 31, 2011 is as follows:

Salaries	\$ 2,618,631
Fringe Benefits	<u>1,097,218</u>
Total	<u>\$ 3,715,849</u>

THE OFFICE OF THE CLERK OF THE
CRIMINAL DISTRICT COURT – ORLEANS PARISH
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2011

7. SUBSEQUENT EVENTS

FASB Accounting Standards Codification Topic 855, "Subsequent Events" addresses events which occur after the balance sheet date but before the issuance of financial statements. An entity must record the effects of subsequent events that provide evidence about conditions that existed at the balance sheet date and must disclose but not record the effects of subsequent events which provide evidence about conditions that existed after the balance sheet date. Additionally, Topic 855 requires disclosure relative to the date through which subsequent events have been evaluated and whether that is the date on which the financial statements were issued or were available to be issued. Management evaluated the activity of The Office of the Clerk of the Criminal District Court - Orleans Parish through March 02, 2012, the date the financial statements were issued, and concluded that no subsequent events have occurred that would require recognition in the Financial Statements or disclosure in the Notes to the Financial Statements.

THE OFFICE OF THE CLERK OF THE
CRIMINAL DISTRICT COURT-ORLEANS PARISH
GENERAL FUND
Budgetary Comparison Schedule
For the Year Ended December 31, 2011

	Original Budget	Final Budget	Actual GAAP BASIS	Variance With Final Budget Positive (Negative)
Personal Services	\$ 2,860,196	\$ 2,860,196	\$ 3,998,632	\$ (1,138,436)
Other Services	-	-	555,492	(555,492)
Total Expenditures	\$ 2,860,196	\$ 2,860,196	\$ 4,554,124	\$ (1,693,928)
Revenues	\$ 2,860,196	\$ 2,860,196	\$ 4,904,219	\$ 2,044,023
Total Revenues	\$ 2,860,196	\$ 2,860,196	\$ 4,904,219	\$ 2,044,023

PAILET, MEUNIER and LeBLANC, L.L.P.

Certified Public Accountants

Management Consultants

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

The Office of the Clerk of the
Criminal District Court - Orleans Parish
2700 Tulane Avenue
New Orleans, Louisiana

We have audited the financial statements of The Office of the Clerk of the Criminal District Court - Orleans Parish (Clerk of Court) of and for the year ended December 31, 2011, and have issued our report thereon dated March 02, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Clerk of Court's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

3421 N. Causeway Blvd., Suite 701 • Metairie, LA 70002 • Telephone (504) 837-0770 • Fax (504) 837-7102
201 St. Charles Ave., Suite 2500 • New Orleans, LA 70170 • Telephone (504) 599-5905 • Fax (504) 837-7102

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Clerk of Court's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings and questioned costs as items 11-01 and 11-02.

The Clerk of Court's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the Clerk of Court's response and, accordingly, we express no opinion on it.

This report is intended solely for the use of the Clerk of Court, its management, the City of New Orleans, and the State of Louisiana, Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Paillet, Meunier and LeBlanc, LLP

New Orleans, LA
March 02, 2012

THE OFFICE OF THE CLERK OF THE
CRIMINAL DISTRICT COURT – ORLEANS PARISH
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2011

SECTION I – SUMMARY OF AUDITOR'S RESULTS

- A. Control deficiencies in internal control over financial reporting were disclosed by the audit of the financial statements: No. Material weaknesses: No.
- B. Noncompliance which is material to the financial statements: No
- C. Control deficiencies in internal control over major programs: N/A.
Material weaknesses: N/A .
- D. The type of report issued on compliance for major programs: N/A.
- E. Any audit findings which are required to be reported under section 510(a) of OMB Circular A-13: N/ A
- F. Major programs: N/A.
- G. Dollar threshold used to distinguish between Type A and Type B programs: N/A.
- H. Auditee qualified as a low-risk auditee under section 530 of OMB Circular A-133: N/A.
- I. A management letter was issued: No

SECTION II – FINANCIAL STATEMENT FINDINGS

11-01 Budget Amendment

The budget was not amended to reflect variances as required. We recommended that procedures be implemented to compare revenues and expenditures to the budget and that the budget be amended as necessary.

11-02 Accounting Personnel

As part of the audit, Paillet, Meunier and LeBlanc, LLP has prepared a draft copy of the Organization's financial statements on the Organization's behalf and has provided a copy for their approval prior to issuance of the financial statements. This is primarily due to their reliance on us for this expertise, which could imply that management does not possess the skills and knowledge necessary to prepare financial statements that are in accordance with generally accepted accounting principles, including all significant footnote disclosures.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Not applicable.

THE OFFICE OF THE CLERK OF THE
CRIMINAL DISTRICT COURT – ORLEANS PARISH
SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2011

**SECTION I – INTERNAL CONTROL AND COMPLIANCE
MATERIAL TO THE FINANCIAL STATEMENTS**

10-01 Evidence Room Funds Deposited

The previous Clerk of Court, deposited funds into an account without the proper court approval. We previously recommended that the Clerk of Court provide the Court with the proper documentation to approve the deposits. Although the current Clerk of Court is in the process of making an inventory of evidence and related cases to determine which cases are open and which have been closed, we continue to recommend that this matter be continued as a high priority.

Current Status - Resolved. The Clerk of Court has corrected the internal control processes involving the Evidence Room Funds. They have completed the inventory of all funds and received a ruling from the Court and the City of New Orleans.

10-02 Budget Amendment

The budget was not amended to reflect variances as required. We recommended that procedures be implemented to compare revenues and expenditures to the budget and that the budget be amended as necessary.

Current Status - Not resolved

10-03 Accounting Personnel

As part of the audit, Paillet, Meunier and LeBlanc, LLP has prepared a draft copy of the Clerk of Court's financial statements on the Clerk of Court's behalf and has provided a copy for their approval prior to issuance of the financial statements. This is primarily due to their reliance on us for this expertise, which could imply that management does not possess the skills and knowledge necessary to prepare financial statements that are in accordance with generally accepted accounting principles, including all significant footnote disclosures.

Current Status - Not resolved

**THE OFFICE OF THE CLERK OF THE
CRIMINAL DISTRICT COURT - ORLEANS PARISH
MANAGEMENT'S CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED DECEMBER 31, 2011**

11-01 Budget Amendment

The Clerk of Court indicated that they will implement a current budget to reflect any and all variances as required.

11-02 Accounting Personnel

The Clerk of Court does not have the necessary personnel to prepare financial statements that are in accordance with generally accepted accounting principles, including all significant footnote disclosures. Due to the costs associated with hiring such personnel, the Clerk of Court will continue to rely on outside expertise until such funding to hire the necessary personnel is approved.

PAILET, MEUNIER and LeBLANC, L.L.P.

Certified Public Accountants

Management Consultants

The Office of the Clerk of the Criminal District Court - Orleans Parish
Room 114
New Orleans, LA 70119

We have audited the financial statements of The Office of the Clerk of the Criminal District Court - Orleans Parish for the year ended December 31, 2011. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated March 02, 2012. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by The Office of the Clerk of the Criminal District Court - Orleans Parish are described in Note A to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2011. We noted no transactions entered into by the Foundation during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

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Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated March 02, 2012.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Organization's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Organization's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

As discussed in our report, dated March 02, 2012, on our consideration of internal control over financial reporting and our test of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters, the following significant deficiency in internal control exists:

The budget was not amended to reflect variances as required. We recommended that procedures be implemented to compare revenues and expenditures to the budget and that the budget be amended as necessary.

This information is intended solely for the use of management and Board of Directors of The Office of the Clerk of the Criminal District Court - Orleans Parish and is not intended to be and should not be used by anyone other than these specified parties.

Paillet, Meunier and LeBlanc, LLP

New Orleans, LA
March 02, 2012